

Message Text

UNCLASSIFIED

PAGE 01 TOKYO 04824 241034Z
ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-01 INR-10 NSAE-00 USIA-15 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 DODE-00 PM-05 H-02 L-03 PA-02 /122 W
-----118130 241037Z /14

P 241007Z MAR 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 6444
TREASURY/DEP WASHDC PRIORITY
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME

UNCLAS TOKYO 04824

USEEC

USOECN ALSO FOR EMBASSY

E.O. 11625: N/A
TAGS: EFIN, JA
SUBJECT: FURTHER REACTION TO YEN APPRECIATION

1. WITH THE YEN BREAKING THROUGH THE 230 TO THE DOLLAR
LEVEL IN THE TOKYO FOREIGN EXCHANGE MARKET ON FRIDAY,
MARCH 24, GOVT AND LDP LEADERS HAD A BUSY DAY COMMENTING
ON PROSPECTS FOR MEETING OF ECONOMIC AFFAIRS CABINET
MINISTERS SCHEDULED FOR SAT, MARCH 25. CHIEF CABINET SEC-
RETARY ABE IS REPORTED TODAY AS TELLING THE PRESS THAT
THE MINISTERS WOULD STUDY MEASURES FROM EVERY ANGLE TO
COPE WITH THE YEN'S PERSISTENT APPRECIATION, WHICH HE
ATTRIBUTED BASICALLY TO THE HUGE BALANCE OF PAYMENTS
DEFICIT OF THE U.S. AND JAPAN'S EVER-INCREASING SURPLUS.
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 04824 241034Z

2. FINANCE MINISTER MURAYAMA IS REPORTED TO HAVE SAID
TODAY THAT IMPOSITION OF TIGHTER CONTROLS ON JAPAN'S
BOOMING EXPORTS NOW APPEARS TO BE THE ONLY WAY TO STEM
FURTHER APPRECIATION OF THE YEN AGAINST THE DOLLAR.
INDICATING THAT HE WILL PROPOSE TIGHTER EXPORT CONTROLS AT
THE SATURDAY MEETING, HE SAID IT IS NOW A QUESTION OF

WHETHER JAPAN WILL SUBMIT TAMELY TO THE YEN APPRECIATION OR CURB THE NATION'S EXPORTS THROUGH IMPOSITION OF TIGHTER CONTROLS. SUBMISSION TO CONTINUED APPRECIATION, HE REPORTEDLY SAID, WOULD BRING ABOUT INJUSTICE WITH THE WEAK BEING HARD HIT WHILE THE STRONG SUSTAIN RELATIVELY LIGHT INJURY.

3. ECONOMIC PLANNING AGENCY DIRECTOR GENERAL MIYAZAWA CONTINUED TO DRAW ATTENTION FOR HIS COMMENTS ON INTERNATIONAL MONETARY MATTERS. TODAY HE TOLD THE PRESS THAT MEASURES TO STABILIZE FOREIGN EXCHANGE RATES WILL BE DISCUSSED AT THE INTERNATIONAL MONETARY FUND INTERIM COMMITTEE MEETING AT THE END OF APRIL AND AT THE JAPAN-U.S. SUMMIT IN EARLY MAY. BUT, HE REPORTEDLY WENT ON TO ADD, IT IS THE KIND OF QUESTION THAT SHOULD EVENTUALLY BE DISCUSSED AT THE BONN SUMMIT.

4. LDP OFFICIALS ALSO SPOKE OUT. FOLLOWING A MEETING OF TOP LDP OFFICIALS WITH LEADERS OF KEIDANREN AND OTHER BUSINESS ORGANIZATIONS, THE CHAIRMAN OF THE PARTY'S POLICY AFFAIRS RESEARCH COUNCIL ESAKI TOLD THE PRESS THAT BUSINESS LEADERS HAD COMPLAINED TO THEM THAT THE U.S. GOVERNMENT WAS NOT DOING ENOUGH TO SUPPORT THE DOLLAR. ESAKI SUPPORTED THIS VIEW, SAYING HE FELT THE USG OUGHT TO STEP UP ITS DOLLAR DEFENSE EFFORTS, SUCH AS ENACTMENT OF ITS ENERGY BILL. STATING THAT DURING THE U.S.-JAPAN TRADE TALKS IN TOKYO IN JANUARY THE AMERICAN NEGOTIATORS

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TOKYO 04824 241034Z

HAD PLEDGED EFFORTS TO GET THE ENERGY BILL ENACTED WITHIN 90 DAYS, HE SAID THE LDP WOULD ADVISE THE FUKUDA GOVERNMENT TO URGE THE CARTER ADMINISTRATION TO LIVE UP TO ITS PLEDGE.

5. MARKET REPORTS SUGGEST THAT RISE IN THE YEN EARLY IN THE DAY TODAY TO JUST OVER THE 228 LEVEL WAS NOT RESISTED STRONGLY BY THE BANK OF JAPAN. FOR THE DAY AS A WHOLE, HOWEVER, PRESS REPORTS INDICATE INTERVENTION CAME TO \$150 MILLION, WITH VOLUME IN THE MARKET PUT AT \$477 MILLION. MANSFIELD

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL STABILITY
Control Number: n/a
Copy: SINGLE
Draft Date: 24 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TOKYO04824
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780130-0218
Format: TEL
From: TOKYO USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780326/aaaaavnv.tel
Line Count: 105
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c9b2adbd-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3205367
Secure: OPEN
Status: NATIVE
Subject: FURTHER REACTION TO YEN APPRECIATION
TAGS: EFIN, JA
To: STATE TRSY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c9b2adbd-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014